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Minnesota's Tax-forfeited Land:

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Some TRENDS in acreages, sales, and prices

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North Central Forest Experiment Station
Forest Service, U.S. Department of Agriculture

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1978

MINNESOTA'S TAX-FORFEITED LAND: SOME TRENDS IN ACREAGES, SALES, AND PRICES

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and **David T. Davis,** *Supervisory Technician,*
Duluth, Minnesota

The demand for timber from all public and private land in northern Minnesota is increasing and is likely to continue to increase in the future. At the same time, the demand for recreation and other forest-based resources has also increased. Thus, land use conflicts have grown and are likely to continue to grow. Because county-administered, tax-forfeited land is important for supplying a variety of forest-based resources, changes within the county-administered land base could greatly affect the total available supply of timber and other forest-based resources in Minnesota. Therefore, we compiled the data on tax-forfeited land sales, prices, and acreages from 1960 to 1974 to see what changes or trends are occuring in this important resource.[1]

This land, although commonly referred to as county land, is actually State land held in trust for the county governments. The land was once privately owned and went tax delinquent when the owners failed to pay the property taxes. Thus, it eventually forfeited back to the State, which gave the provision for its management to the counties. And, it is the counties that receive most of the revenue generated from its use or sale. Most tax-forfeited acreage in Minnesota is located in the 16 northern Minnesota counties (fig. 1). Much of this area is or once was forested.

[1]*Statistics are based on data from county offices, the Minnesota Department of Iron Range Resources and Rehabilitation, and the Minnesota Department of Natural Resources.*

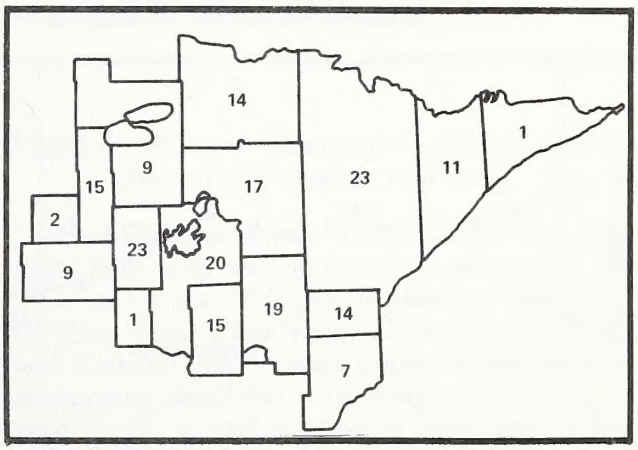

Figure 1.—*Percent of the total county land area administered as tax-forfeited land in northern Minnesota, 1974.*

SOME SIGNIFICANT TRENDS

The total tax-forfeited acreage in the 16 northern Minnesota counties decreased from about 3.5 million acres in the mid-1960's to slightly less than 2.9 million acres in 1974, which is about a 17 percent decrease (fig. 2). This decrease is due to changes in three major factors—land sales, land forfeitures, and land exchanges and transfers.

Acreage sold by all counties remained stable throughout the 1960's then began to decrease significantly in the 1970's (fig. 3). Zoning, land classification, mineral potentials, and a changing

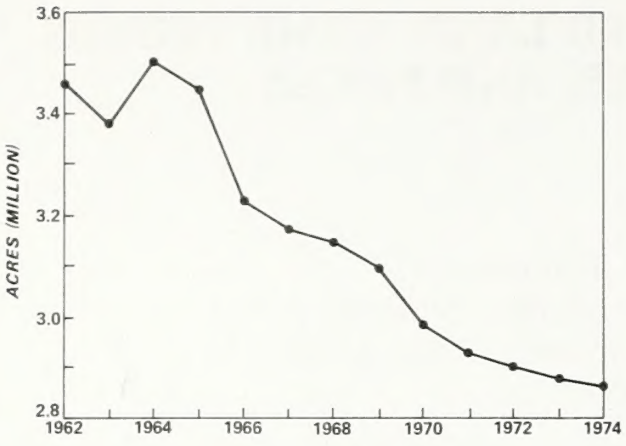

Figure 2.—*Total tax-forfeited acres in northern Minnesota counties, 1962 to 1974.*

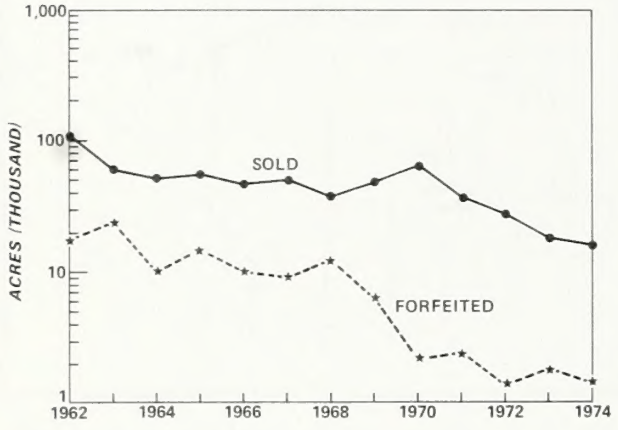

Figure 3.—*Total tax-forfeited acres sold by and acres forfeited to northern Minnesota counties (excludes St. Louis County).*

attitude by the public on implicit values of land in public ownership had a significant effect in reducing sales in the 1970's. A change in State law that prohibits the sale of tax-forfeited land with water also had an impact in certain counties.

The total of land forfeitures for all counties remained considerably less than land sales. It decreased slightly through the 1960's and then decreased drastically in all counties except St. Louis County in the 1970's (fig. 3).

A small amount of tax-forfeited acreage has been exchanged with private parties and the federal government. Sizable acreage has been transferred from county to State administration. Under this transfer, the State DNR is responsible for management planning and administration, but 50 percent of the revenue generated from the management of these transferred lands is returned to the county governments for their use.

Although the acreage sold by the counties decreased each year, the value of the land sold increased dramatically. The average price per acre (including both land and timber) increased from $6.33/acre in 1960 to nearly $70/acre in 1974 as determined from regularly scheduled land sale records (fig. 4). This was an average yearly rate of increase of almost 19 percent. Since 1970, the average rate of increase was even greater—almost 39 percent per year.

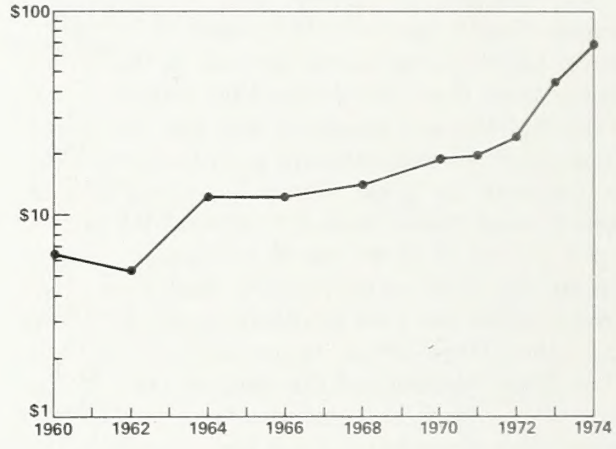

Figure 4.—*Average selling price per acre of tax-forfeited land sold through regularly scheduled land sales in Minnesota, 1960 to 1974 (excludes St. Louis County.).*

Land that appreciates at a 19 percent rate doubles its value in about 4 years. If this rate of increase continues, land valued at $70 per acre in 1974 would be worth $475 per acre in 1985, and $6,450 per acre in 2000.

The price of the land sold has varied greatly, depending upon the raw productive capacity, level of renewable resources presently associated with the land, expected land use, location, etc. Therefore, a wide range in selling price is often experienced in county land sales of even adjacent parcels.

During the early 1960's, much of the land placed on the auction sales list was purchased at the appraised price with little or no active bidding. In many counties, a number of parcels did not sell during one sale and were carried over to the next sale list. Those days appear to be over, at least for the immediate future. Although the number of nonplatted parcels placed up for auction have been reduced during the period, the active bidding has increased considerably above the appraised selling price.

SOME INDIVIDUAL COUNTY TRENDS

The counties vary considerably in the amount of tax-forfeited land they administered in 1974 (fig. 5). St. Louis County administered by far the largest share of total tax-forfeited land—33 per cent. Five counties—St. Louis, Itasca, Koochiching, Cass, and Aitkin—managed nearly 70 percent of the total tax-forfeited acreage in 1974.

Although the patterns vary by county, there have been significant reductions in tax-forfeited acreage in several counties. Counties with the largest relative reductions for the 1960 to 1974 period are Wadena, Mahnomen, Pine, Cook, and Itasca (fig. 6). In addition to large land sales, Wadena, Mahnomen, and Pine Counties have also transferred significant acreage to the State under the revenue sharing arrangement mentioned earlier.

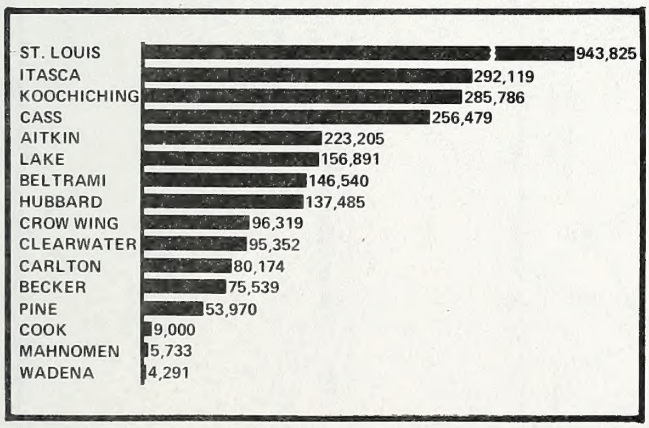

Figure 5.—*Tax-forfeited acreage by county, 1974.*

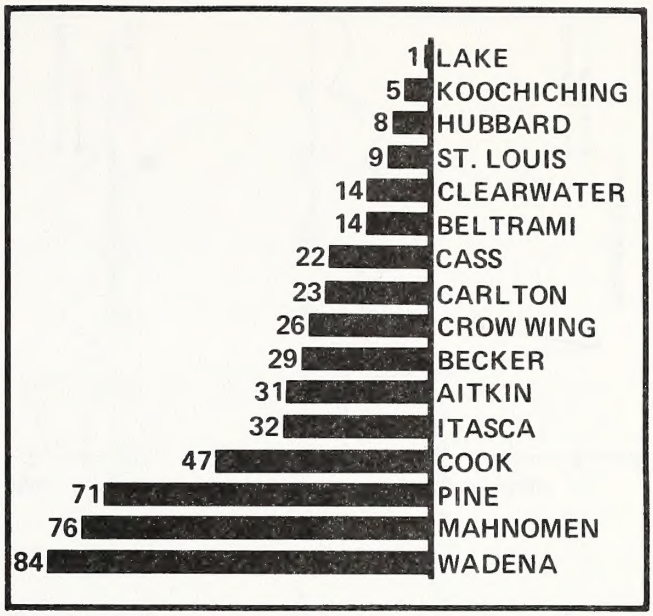

Figure 6.—*Percent decrease from 1960 to 1974 in tax-forfeited acreage by county.*

All of the 16 northern Minnesota counties sold more land than was forfeited to them (fig. 7). One-half of the 16 counties (Becker, Beltrami, Carlton, Cass, Clearwater, Cook, Koochiching, and Wadena) maintained a consistent selling rate throughout the 1960's. Although there was a year-to-year variation, there is little discernable trend. All of these counties except Koochiching witnessed a reduction in acres sold each year in the 1970's. Koochiching County had a significant increase in acreage sold in 1974 because 2,142 acres were sold for the development of Voyaguers National Park.

The amount of land sold in Aitkin, Hubbard, and Lake Counties decreased each year from 1962 to 1974. In fact, Lake County offered no land for sale from 1964 through 1974.[2]

The sales in St. Louis and Mahnomen Counties, the Counties with the most and the least tax-forfeited land increased through the 1960's. Land sales in both Counties decreased in the 1970's.

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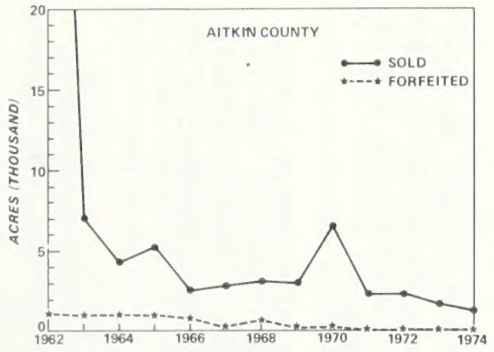
[2]*Lake County held its first land sale auction in more than 10 years in February 1977—approximately 320 acres were sold.*


AITKIN COUNTY
SOLD
FORFEITED
ACRES (THOUSAND)
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15
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1962
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1966
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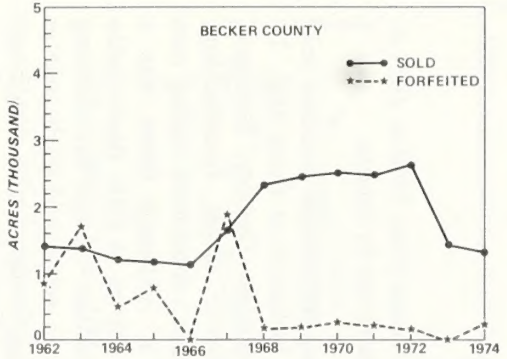
1974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SOLD
FORFEITED
ACRES (THOUSAND)
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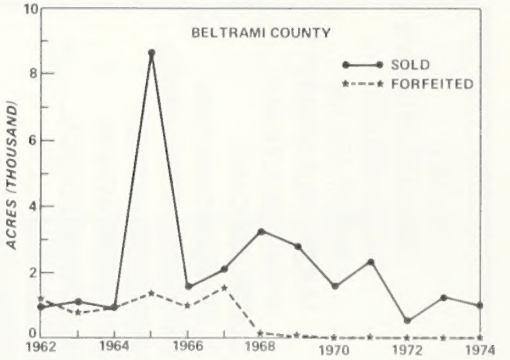
1974


BELTRAMI COUNTY
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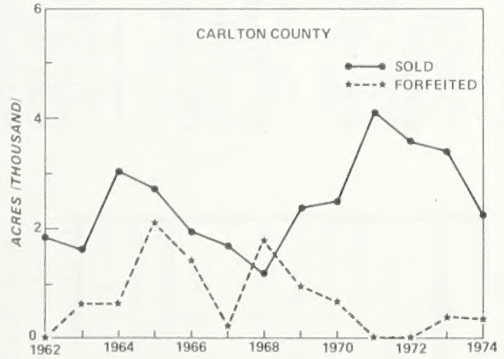
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SOLD
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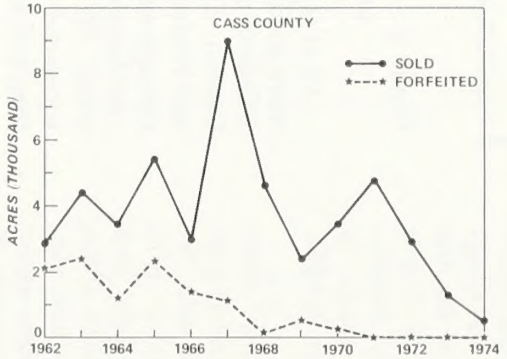
CASS COUNTY
SOLD
FORFEITED
ACRES (THOUSAND)
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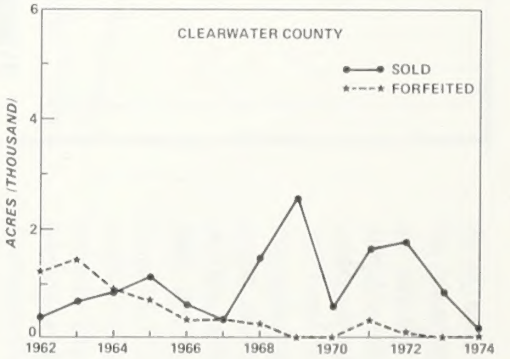
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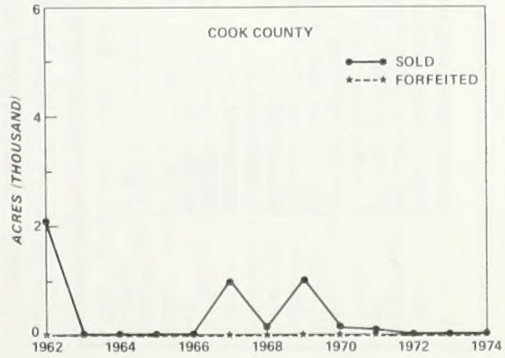
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ACRES (THOUSAND)
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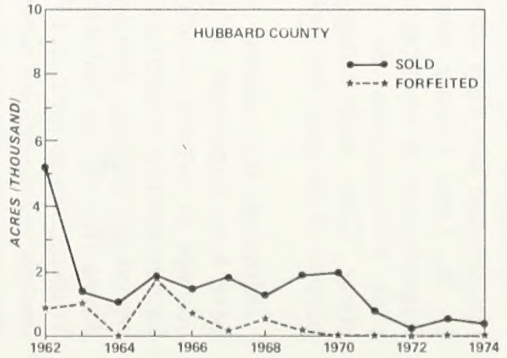
HUBBARD COUNTY
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FORFEITED
ACRES (THOUSAND)
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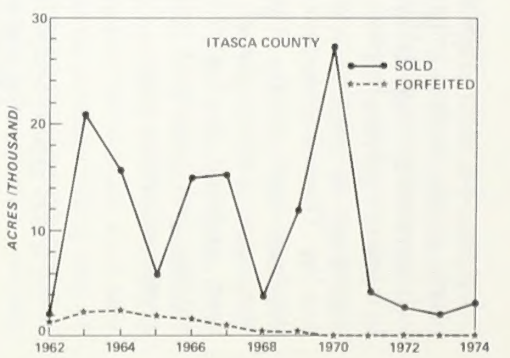
ITASCA COUNTY
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ACRES (THOUSAND)
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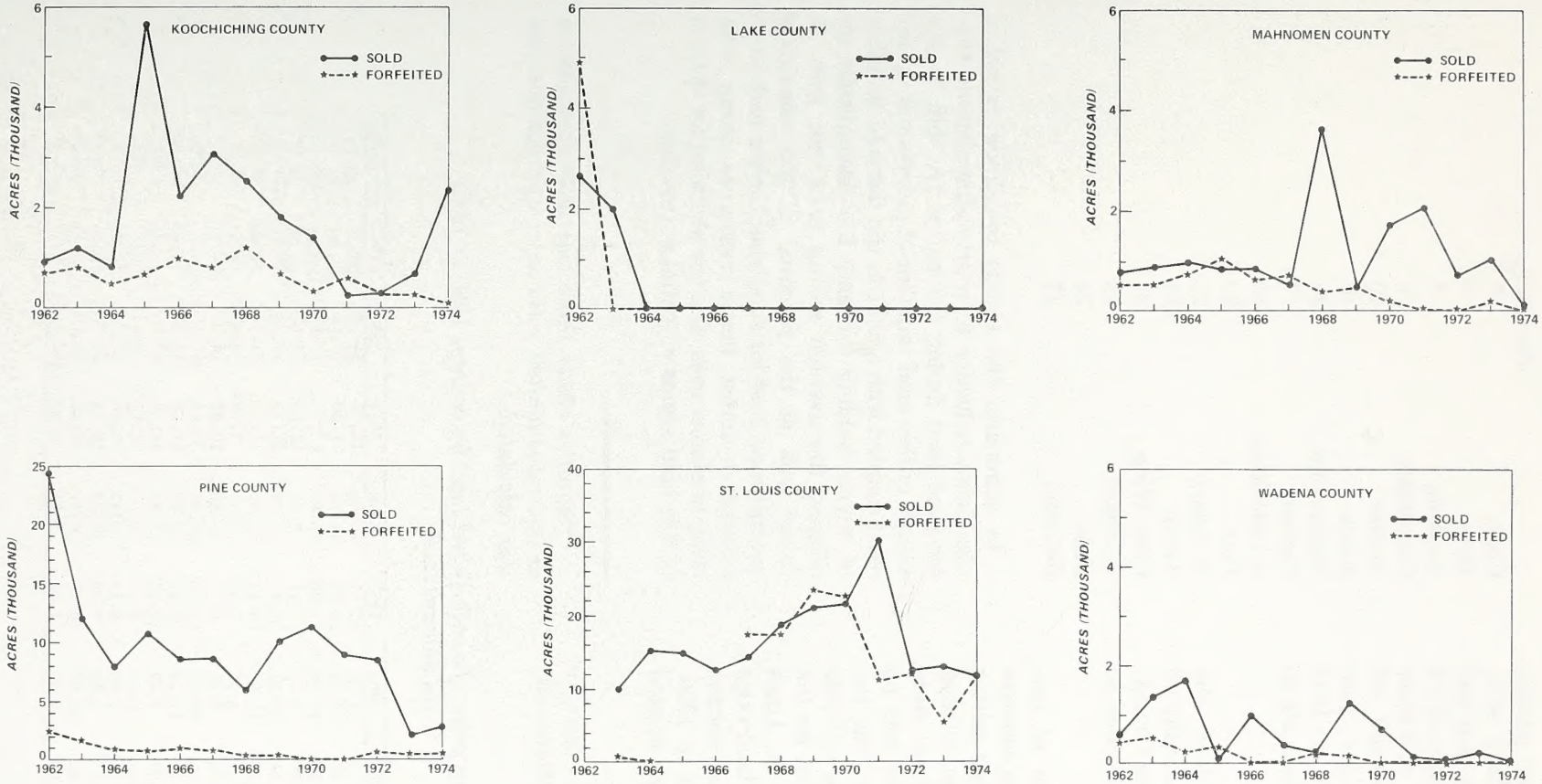

Figure 7.—*Tax-forfeited acres sold and forfeited by county, 1962 to 1974.*

Itasca and Pine Counties have varied greatly from year-to-year in the amount of land sold. Itasca County sold only 2,000 acres one year and then 20,000 acres 2 years later. Sales tapered off substantially in the 1970's. Pine County sold more than 20,000 acres in 1960, then leveled off between 12,000 and 6,000 acres per year throughout the remainder of the 1960's. In 1973 and 1974, sales in Pine County dropped off to between 2,000 and 3,000 acres.

Land forfeitures decreased throughout the period for all counties and they are practically nil at present. The only exception is St. Louis County, where more than 10,000 acres were forfeited in 1974.

The average per acre selling price of tax-forfeited land varied considerably among counties each year (table 1). However, the average selling price per acre in most counties appreciated throughout the period. The exceptions were Wadena and St. Louis Counties. There was no discernable trend in Wadena County but the average selling price per acre, except for one sale in 1972, was significantly lower than that for the other counties. The yearly figures for St. Louis County reflect all types of tax-forfeited land sales and are not limited to regularly scheduled auction sales. The land appreciated from 1963 to 1966, depreciated from 1966 to 1971, and appreciated again from 1972 to the present.

The average annual appreciation rates per acre of tax-forfeited land sold in northern Minnesota, 1960 to 1974, is tabulated below:

	Percent
Cook	*[3]
Lake	*
Wadena	*
Clearwater	9
Becker	10
Itasca	10
Mahnomen	14
Carlton	17
Koochiching	19
Pine	20
St. Louis	20
Aitkin	21
Crow Wing	21
Hubbard	22
Cass	24
Beltrami	27

In summary, the trends presented reveal a significant reduction in county-administered tax-forfeited land during the period. A shift in the supply of this land (number of parcels put up for sale) coupled with a shift in the demand (number of buyers bidding for land) has dramatically increased the average selling price per acre. A closer look at the potential of the remaining tax-forfeited land for supplying timber and other alternative forest based resources along with other nonforest uses, and the planning for the use of this land seems essential at this time.

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*[3]*Signifies either there was little appreciation or there was limited sales so no appreciation rate was calculated.*

Table 1.—*Average selling price of tax-forfeited land by county, 1960 to 1974.*
(In dollars/acre)

County	1960	1962	1964	1966	1968	1970	1971	1972	1973	1974
Aitkin	5.94	6.11	6.38	8.55	13.07	20.64	22.03	34.38	38.32	83.15
Becker	14.49	8.96	11.40	17.93	27.01	14.76	17.00	21.69	30.91	52.67
Beltrami	9.51	9.35	11.88	19.44	41.00	46.80	67.11	71.44	159.86	256.73
Carlton	n.a.[1]	4.18	4.09	3.70	7.11	9.97	12.86	19.18	30.66	37.05
Cass	5.18	5.48	5.24	11.42	14.82	17.79	21.73	32.15	49.20	109.57
Clearwater	6.16	9.98	7.38	15.31	16.17	36.66	19.37	21.99	32.68	12.57
Cook	2.65	6.67	n.s.[2]	n.s.	5.83	n.s.	5.74	n.s.	n.s.	n.s.
Crow Wing	5.70	11.30	6.80	7.64	9.73	27.68	30.85	16.32	64.81	84.82
Hubbard	n.a.	5.53	7.01	10.65	16.70	18.36	24.61	47.17	n.s.	57.80
Itasca	20.38	12.02	25.24	19.22	15.29	20.70	19.18	26.37	60.08	80.95
Koochiching	6.87	9.11	6.97	8.42	10.27	16.91	45.38	43.01	59.96	82.35
Lake	14.49	10.78	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Mahnomen	3.65	3.47	4.16	5.03	6.16	8.11	8.66	15.74	19.70	n.s.
Pine	2.92	3.18	5.93	6.10	7.66	10.88	14.75	18.38	38.84	38.19
St. Louis	n.a.	7.07	12.31	34.07	20.21	14.14	11.99	26.64	33.46	52.25
Wadena	n.s.	3.06	1.43	6.00	1.00	5.14	6.22	182.12	5.47	3.41

[1]Not available.
[2]No sales.

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The area of tax-forfeited land that is county-administered in Minnesota is currently estimated at almost 2.9 million acres—a decrease of about 17 percent since the mid-1960's. This decrease is the result of a change in land sales, land forfeitures, and other land transfers. Not only have land sales decreased since the early 1960's, but also less land has been forfeited back to the counties. Although the tax-forfeited acreage sold decreased each year, the value of the land sold increased dramatically—from $6.33 per acre in 1960 to nearly $70.00 per acre in 1974.

OXFORD: 922.1:911(776). KEY WORDS: Counties, land use, forest land, forfeitures.

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